



Minuwangoda Educational Zone

Second Term Test - 2023

Grade 11

Commerce

Time : 1 Hour

Part I

- Answer all questions.
- In each of questions 1 to 40, pick one of the alternatives (1) , (2) , (3) , (4) which is correct or most appropriate.

Today the ways in which business produce and distribute goods and services which are diverse and the ways in an individual fulfills his needs & wants become diverse & complicated.

- (1) Select the answer which contain the features of needs & wants respectively.
 - (i) Common & limited
 - (ii) Essential and unlimited
 - (iii) Diverse & complex
 - (iv) Essential & common
- (2) Which one is not a common objective of a business.
 - (i) Maximizing consumer satisfaction
 - (ii) Generating employment opportunities
 - (iii) Earning profits.
 - (iv) Social welfare
- (3) An example for goods manufacturing business.
 - (i) Beauty salons
 - (ii) Food manufacturing
 - (iii) Banks
 - (iv) Whole sale shops
- (4) An example for human needs
 - (i) Storied houses
 - (ii) Foot wares
 - (iii) Education
 - (iv) Rice
- (5) Below are some external environmental factors affecting a business. Among them to which factor employment belongs
 - (i) Political environment
 - (ii) Legal environment
 - (iii) Technological environment
 - (iv) Economic environment
- (6) An unfavourable effect to local businesses from global environment.
 - (i) Able to obtain quality foreign raw materials.
 - (ii) Inflow of foreign capital to the country.
 - (iii) Facing huge competition.
 - (iv) Can obtain high efficiency machinery & equipment.
- (7) The main factor of determining the scale of a business.
 - (i) Objective of earning profits.
 - (ii) Amount of capital invested.

- (iii) Amount of goods / services producing. (iv) Financial strength of the owner.
- (8) The authorized officer to register a sole proprietorship.
 (i) Business name registrar. (iii) Divisional secretary.
 (ii) Company registrar. (iv) Grama Niladhari
- (9) Which act / ordinance states that there should be a written partnership agreement if the initial capital is greater than Rs. 1000/=
- (i) Business name registering ordinance No 6 of 1918
 (ii) Partnership ordinance of 1890
 (iii) Companies Act No. 7 of 2007
 (iv) Prevention of fraud Ordinance of 1940
- (10) Following are some characteristics of retail trade & whole sale trade.
 A - Selling goods for final consumption.
 B - Selling a limited number of goods.
 C - The price of the goods is high.
 D - Trade discounts are not allowed.
 E - Trade discounts will allowed.
 F - Selling many types of goods.
 The answer which contains only the features of retail selling.
- (i) ABCD (ii) ACDF (iii) BCEF (iv) BCEF
- (11) Mentioning a name of a bank written on the face of a cheque inside two parallel lines or without parallel lines is,
- (i) General crossing (iii) Endrsing cheque
 (ii) Special crossing (iv) Assigning cheques
- (12) Which principle does not affect life insurance.
- (i) Utmost good faith (iii) Insurance agreement
 (ii) Indemnity (iv) Insurable interest.
- (13) Following are the element of communication.
 A - Sender
 B - Medium
 C - Response
 D - Receiver
 E - Massage
 F - Feedback
- (i) A B D E C F (ii) A B E D F (iii) A E B D C F (iv) A E D B C F
- (14) Which one is the mode of transportation that can be transported a large number of passengers and goods, relatively low cost and effective for international trade.
- (i) Road (ii) Railway (iii) Airway (iv) Water ways

- (15) Achieving the objectives of the business as expected,
 (i) Effectiveness (ii) Efficiency (iii) Management (iv) Organizing
- (16) Determining the number of employees required for a business is called as and, motivating employees to do their jobs appropriately is
 Which answer match with the blanks?
 (i) Planning, Leading (iii) Leading, Controlling
 (ii) Organizing, Motivating (iv) Planning, Controlling
- (17) Choose the correct statement.
 (i) An increase in Equity is debit, decrease is credit.
 (ii) An increase in assets is debit, decrease is credit.
 (iii) An increase in liabilities is debit, decrease is credit.
 (iv) An increase in income is debit, decrease is credit.
- (18) Drawings account is,
 (i) Asset account (iii) Liability A/C
 (ii) Equity a/c (iv) Income A/C
- (19) Nihal takes a stock of Rs. 7000 for his private use. Which one is the prime entry book to record this transaction.
 (i) Purchase journal (iii) Cash book
 (ii) Sales journal (iv) General journal
- (20) Which one is not a Feature of an asset.
 (i) Can be controlled by the business.
 (ii) Arise as a result of past transaction.
 (iii) Inflow of future economic benefits to the business.
 (iv) Having a current bond.
- (21) Following shows how a transaction happen on 31. 08. 23 affected Thanuja's business accounting equation.
 Assets Rs. = Equity Rs. + Liabilities Rs.
 - 50000 - 50000
- Which is the transaction according to the above equation.
 (i) Selling Rs. 50000 of goods on credit basis.
 (ii) Purchasing Rs. 50000 of goods on credit basis.
 (iii) Paying Rs. 50000 to creditors.
 (iv) Paying Rs. 50000 to creditors by the owner.
- (22) The double entry of correction the error of recording the discount received column of the cash book.
 (i) Creditors A/C dr 200 (iii) Creditors A/C dr 1500
 Discount received cr 200 Discount received cr 1300
 (ii) Discount received A/C dr 200 Cash discounts cr 200
 Creditors A/C cr 200 (iv) Discount received dr 1500

- (23) Distribution expenses Administration expenses and Financial expenses contains respectively,
 (i) Bad debts , Insurance expenses , Interest on Bank over draft
 (ii) Bad debts , Discounts given , Interest on bank over draft
 (iii) Sales commission , Stationary expenses , Fire damages
 (iv) Payment of rent , Discounts given , Bank charges
- (24) What is the false statement related to cash discounts.
 (i) Discounts received regarded as an income of the business.
 (ii) Discounts given A/C belongs to expenses accounts.
 (iii) Discounts received are recorded in the discount column of side credit side of cash book.
 (iv) Only trade discounts are recorded in accounts.
- (25) Writing off the bad debts as the debtor got bankrupt is a/ an to the business.
 (i) Income (ii) Asset (iii) Liability (iv) Expense

Answer questions No 26, 27 & 28 by using below information of Gayan's business.

A – Buying a stock of Rs. 80000 in credit basis.

B – Selling a stock at Rs. 45000 on credit basis, which costs Rs. 40000

C – Buying a stock of Rs. 30000 from Sumith.

D – Paying Rs. 20000 to creditors.

- (26) What are the transactions to be recorded in purchase journal
 (i) A (ii) B (iii) C (iv) D
- (27) Which transaction affects only the assets of the business.
 (i) A (ii) B (iii) C (iv) D
- (28) The creditors balance of Gayan's business before above transaction is Rs. 40000. After the above transactions occurred the creditors balance is,
 (i) Rs. 130000 (ii) Rs. 100000 (iii) Rs. 75000 (iv) Rs. 95000

Answer question no: 29 & 30 by using before information'

The petty cash balance of Minuthi's business is Rs. 470 as at 01. 01. 2023. The total amount of petty cash expenses is Rs. 2530.

- (29) What is the amount of petty cash imprest of the business.
 (i) Rs. 470 (ii) Rs. 2530 (iii) Rs. 2060 (iv) Rs. 3000
- (30) What is the double entry if reimbursing the petty cash imprest on 01. 01. 2023
- | | |
|---|---|
| (i) Cash book dr Rs. 2530 Petty cash book cr 2530 (ii) Petty cash book dr 2530 Cash book cr 2530 | (iii) Cash book dr Rs. 2060 Petty cash book cr 2060 (iv) Cash book dr 3000 Petty cash book cr 3000 |
|---|---|

- (31) What is not a reason for dishonouring cheques.
- | | |
|---|---|
| (i) Not enough cash in current account. | (iii) Cheques being written disorderly. |
| (ii) Difference in the signature. | (iv) Not filling the counter foil. |

The bank balance of Samitha's business as at 31. 07. 2023 is Rs. 23000; a favourable balance. But the balance in the bank statement differs. Below are the reasons for the difference.

- a. deposited but not realized cheques Rs. 18000
- b. issued but not presented to payment Rs. 15000
- c. Bank charges Rs. 8000
- d. Direct remittance Rs. 24000

- (32) The correct bank balance after reconcile the bank account,
- | | | | |
|---------------|----------------|-----------------|----------------|
| (i) Rs. 43200 | (ii) Rs. 46200 | (iii) Rs. 40800 | (iv) Rs. 40000 |
|---------------|----------------|-----------------|----------------|

- (33) The bank balance according to the bank statement.
- | | | | |
|---------------|----------------|-----------------|----------------|
| (i) Rs. 47800 | (ii) Rs. 40000 | (iii) Rs. 43200 | (iv) Rs. 46200 |
|---------------|----------------|-----------------|----------------|

- (34) Below are the total of debit column & credit column of the trial balance of Sumedha's business prepared on 31. 12. 2022.

| | |
|------------------------|------------|
| Total of debit column | Rs. 835000 |
| Total of credit column | Rs. 795000 |

According to the above details the suspense A/C should be,

- | | |
|--------------------------------|----------------------------------|
| (i) Suspense A/C dr Rs. 40000 | (iii) Suspense A/C dr Rs. 835000 |
| (ii) Suspense A/C cr Rs. 40000 | (iv) Suspense A/C cr Rs. 795000 |

- (35) Accrued income is a for business?
- | | | | |
|---------------|-------------|--------------|---------------|
| (i) Liability | (ii) Income | (iii) Assets | (iv) Expenses |
|---------------|-------------|--------------|---------------|

Answer the questions No. 36 to 40 by using below details. Below balances are extracted from the trial balance of Pamudi's business as at 31. 12. 2022.

| | Rs |
|------------------------|--------|
| Capital | 450000 |
| Stock as at 01. 01. 22 | 80000 |
| Sales | 340000 |
| Purchases | 175000 |
| Carriage inwards | 15000 |
| Salaries & Wages | 35000 |
| Building rent | 14000 |
| debtors | 52000 |
| Bank loan interest | 12000 |
| Other income | 8000 |
| Discounts received | 4000 |

Additional info;

- 1 Remaining stock as at 31. 12. 2022 Rs. 60000
- 2 Building rent to be paid Rs. 6000 for the year 2022
- 3 Rs. 2000 should be written off from debtors as bad debts.

(36) The cost of goods presented to sale as at 31. 12. 2022

- (i) Rs. 270000 (ii) Rs. 210000 (iii) Rs. 255000 (iv) Rs. 195000

(37) The cost of sales as at 31. 12. 2022

- (i) Rs. 130000 (ii) Rs. 210000 (iii) Rs. 115000 (iv) Rs. 195000

(38) Net profit of this business for the year ended 31. 12. 2023.

- (i) Rs. 57000 (ii) Rs. 65000 (iii) Rs. 49000 (iv) Rs. 63000

(39) The total equity of this business as at 31. 12. 2022

- (i) Rs. 450000 (ii) Rs. 580000 (iii) Rs. 515000 (iv) Rs. 507000

(40) The debtors amount should be recorded in the statement of financial position.

- (i) Rs. 52000 (ii) Rs. 50000 (iii) Rs. 56000 (iv) Rs. 54000



Minuwangoda Educational Zone

Second Term Test - 2023

Grade 11

Commerce

Time : 2 Hour

Business & Accounting Studies II

- Including question No 1 answer 5 questions selecting two questions from each other parts I & II.

(1) Using the following case, answer the questions No (i) to (x).

Sachin has successfully completed a course in fashion designing at Sri Lanka Vocational Training Authority. After that he invested Rs. 200000 in cash Rs. 500000 worth his motor vehicle and a bank loan of 300000 with an annual interest rate of 12% from Bank of Ceylon in a business of sewing & selling sports wear near the Minuwangoda city on 01. 01. 2023. The name of the business was “Sachin Sports Wear”. Two trained employees were recruited to the business. Sachin is increasing the number of orders by meeting coaches of schools and sports clubs and giving them discounts and other facilities. Sachin decided to increase the price of his products by 10% due to the sudden increase of the price of raw materials as the government imposed export barriers to the clothing materials.

Following transactions were occurred in the Month of January 2023.

| | Rs. |
|--|--------|
| Bought sewing machines and equipment | 300000 |
| Purchasing raw materials in cash | 250000 |
| Purchasing raw materials on credit basis | 125000 |
| Salaries & wages | 40000 |
| Electricity expenses | 15000 |
| Building rent | 25000 |
| Travelling expenses | 10000 |
| Sales | 500000 |

Additional information;

- No remaining stock as at 31. 12. 2023
 - Machinery & equipment needed to be depreciated at a rate of 12% per annum.
- (i) (a) What is the human want fulfilled by Sachin’s business?
(b) Name 2 factors of production with examples related to this case.
- (ii) (a) Write a strength & a weakness of this business.
(b) Mention 2 internal environmental factors and give examples.
- (iii) (a) What is the type of business organization that this business belongs to.
(b) Write 2 characteristics of the type of business organization you mentioned in iii (a).
- (iv) (a) Give an example for the term “organizing” in the functions of management.
(b) Using this case write an example for the factor “price” of the marketing
- (v) Write the accounting equation of this business with the values as at 01. 01. 2023.

- (vi) (a) Write a transaction which increase an assets & decreases an assets.
- (b) Write two prime entry books used by this business.
- (vii) (a) Calculate the interest of the bank loan for the month of January 2023.
- (b) Write the double entry to record the interest of bank loan.
- (viii) Calculate the cash balance as at 31. 01. 2023.
- (ix) Calculate the net profit of this business as at 31. 01. 2022.
- (x) (a) Calculate the value of non current assets as at 31. 01. 2022.
- (b) Calculate the owner's (Sachin's) equity as at 31. 01. 2023.

(2 × 10 = 20)

(2)

- (i) (a) What is a business?
- (b) Write two objectives of business. (2 marks)
- (ii) State whether true or false.
 - (a) Needs are created by business.
 - (b) Factors of production can be categorized as land, labour, capital & entrepreneurship.
 - (c) Increasing efficiency of labour is a contribution provided by managers.
 - (d) Budget policies is an example for economical environment factors.
- (iii) Rashini & Eshini were friends since school. They followed a beauty culture course and started a beauty salon called "Rashini Beauty Salon" with the help of two employees.
 - (a) Write two stakeholders of Rashini Beauty Salon.
 - (b) Write the reason to why they are interested in the business.
- (iv) Three friends who were returned from employment at Italy intends to start a business of selling vehicle spare parts and providing other services. Their idea is to start a business which able to buy assets to the name of the business and taking decisions on behalf of the name of the company.
 - (a) What is the type of business organization you suggest?
 - (b) Write an advantage and a disadvantage of the type of business organization of the answer

(2 marks)

(Total 8 marks)

(3)

- (i) (a) What is trading?
- (b) Write 2 supporting service? (2 marks)
- (ii) State whether true of false.
 - (a) Retail seller is directly connected with the customer.
 - (b) The interest received for fixed deposit is not change according to the period of depositing.
 - (c) First party of the insurance means the party who got the insurance coverage.
 - (d) The feedback means the receiver's reaction to information. (2 marks)
- (iii) Tharuka is conducting a Textile business. She has obtained a property insurance for fire for Rs. 2500000. A part of the building and a large number of clothes were damaged due to a sudden fire arised due to an electricity leakage. Tharuka informed the incident to the insurance company via telephone and the company confirmed that they would come. The value of the loss has estimated to Rs. 2 000 000.
 - (a) How much of compensation will Tharuka receive? What is the principle of insurance affects to it.
 - (b) Write examples for below elements of the communication process? (2 marks)

- (iv) Nandana buys Misor lentils in bulk from Sandaram, a businessman in Pettah and sells them by his small lorry to traders in weekly fair markets.
- (a) Mention a retail trader and a whole sale trader in above case respectively.
- (b) Write the were & power Nandana is using as the elements of transportation. (2 marks)
- (Total 08 marks)

(4)

- (i) (a) What is meant by management.
 (b) Write two duties of marketing. (2 marks)
- (ii) State whether true or false.
- (a) The resources to fulfill human wants are limited in developed countries.
 (b) Efficiency means achieving the business objective as expected.
 (c) A market place is a certain place where sellers and buyers meet.
 (d) After sale services are also belong to marketing.

Mileka Company Limited has decided to produce a type of cheese with high nutritional value. For that purpose they bought a machine with modern technological features from New Zealand. Two employees were trained and given all the advices to operate the machine. A quality controlling officer is checking the quality in every step in the production process.

- (iii) State the four functions of management and find examples for each from above scenario & fill in the table below.

| Function of Management | Example from the case |
|------------------------|-----------------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |

- (iv) Gunasiri is conducting a self employment of producing and selling sesame rolls (Thala Karali). Gunasiri him self selling the sesame rolls to the employees in banks and other state organizations in the city.
- (a) Name 2 variables in the marketing mix of Gunasiri's business and give examples from the case.
- (b) What is the method of distributing Gunasiri is using called in marketing? (2 marks)
- (Total 8 marks)

Part II - Accounting

(5)

- (i) (a) What is Accounting
 (b) Write two factors for the change in equity of owners. (2 marks)
- (ii) Write the double entries for following.
- (a) Payment of bank loan interest in cash Rs. 5000.
 (b) Buying office equipment for Rs. 25000 from Sagara Company on credit basis for the use of business. (2 marks)
- (iii) Following are the balances of assets Equity and the liability as at 01.03.2023 and the transactions took place in the first week of the month of March 2023.

| | | Assets Rs. | = Equity Rs | + Liabilities Rs. |
|---------|------------|-----------------|------------------|----------------------|
| Balance | 01.03.2023 | 250 000 | = +150 000 | + 100 000 |
| | 3/02 | +15 000 (stock) | = | + 15000 (creditors) |
| | 3/03 | -5000 (stock) | = +2000 (profit) | |
| | | +7000 (cash) | = | |
| | 3/05 | -4000 (cash) | = -4000 | |
| | | | (electricity) | |
| | 3/07 | -10 000 (cash) | = | - 10 000 (bank loan) |

Required,

- (a) Describe each transaction with the values.
(b) The decrease or increase of total assets and total equity at the end of the week? (4 marks)
(iv) Below cash account is prepared by the accounts clerk of Thushara's business for the month of April 2023.

Cash A/C

| Date | Receipt No. | Description | Lf | Value | Date | Voucher No. | Description | Lf | Value |
|------|-------------|-------------|----|---------|------|-------------|----------------------|----|--------|
| 4/01 | | Balance B/F | | 150 000 | 4/05 | 001 | purchase A/C | | 20000 |
| 4/12 | 01 | Debtors A/C | | 12 000 | 4/18 | 002 | electricity expenses | | 5000 |
| 4/22 | 02 | Sales A/C | | 8000 | 4/30 | | balance C/D | | 145000 |
| | | | | 170000 | | | | | 170000 |
| 5/01 | | Balance B/F | | 145000 | | | | | |

Required,

- (a) Describe the transactions with the values into the chronological order.
(b) Copy transactions to the ledger accounts. (4 marks)

(Total 12 marks)

(6)

- (i) (a) What are the prime entry books.
(b) Write 2 uses of source documents (2 marks)
(ii) Write two benefits of computer based accounting. (2 marks)
(iii) Sandaruwan's business has a favourable bank account balance of Rs. 45000 at the end of the Month of May 2023. However the bank statement has a different balance. Following reasons are identified for this difference.
1. A cheque of Rs 1200 have been issued during the month of May to a creditor but it has not been presented to the bank for payment
 2. The leasing instalment paid by the bank on a standing order of Rs. 35 000
 3. The direct remittance of Rs. 25000 by a debtor.
 4. A cheque of Rs. 8000 has been deposited in the month of May but has not been realized as at 31.05.2023

Required,

- (a) Adjust the bank account balance as at 31.05.2023
(b) Prepare the bank reconciliation statement as at 31.05.2023 (4 marks)

(iv) Below are the information regarding credit sales of Nisansala's business for the month of May 2023.

| Date | Invoice No. | Bayer | Net value of invoice Rs. |
|------------|-------------|-------|--------------------------|
| 2023.05.02 | 815 | Anil | 15000 |
| 2023.05.12 | 816 | Sunil | 12000 |
| 2023.05.23 | 817 | Vinil | 14000 |

Required,

(a) Prepare the sales journal of Nisansala's business.

(b) Following petty cash book is for the month of January of Sithara's business.

Petty Cash book.

| Received Rs | Lf | Date | Description | Voucher No | Payments | Analysing Columns | | | Ledger A/C | Page No |
|-------------|----|------|------------------|------------|----------|-------------------|--------------|------------|------------|---------|
| | | | | | | Travel | Refreshments | Stationary | | |
| 400 | | 1/1 | Balance B/F | | | | | | | |
| 1600 | | 1/1 | Cash | | | | | | | |
| | | 1/5 | Soft drinks | | 200 | | 200 | | | |
| | | 1/12 | Three wheel fare | | 400 | 400 | | | | |
| | | 1/17 | Pens | | 100 | | | 100 | | |
| | | 1/20 | Paid to Piyadasa | | 500 | | | | 500 | |
| | | 1/22 | Biscuits | | 300 | | 300 | | | |
| | | 1/25 | Travelling | | 200 | 200 | | | | |
| | | | | | 1700 | 600 | 600 | 100 | 500 | |
| | | 1/31 | Balance C/D | | 300 | | | | | |
| 2000 | | | | | 2000 | | | | | |
| 300 | | 2/1 | Balance B/F | | | | | | | |

Required,

(a) The amount of the petty cash imprest of Sithara's business.

(b) The amount to be reimbursed as at 01.02.2023 (2 marks)

(Total 12 marks)

(7)

(i) (a) What is the trial balance.

(b) Write 2 occasions where errors can be occurred in accounting.

(ii) (a) Write 2 elements of a statement of Financial position.

(b) Write the double entry to record bad debts. (2 marks)

(iii) Following is the trial balance of Hasaranga's business as at 31.12.2020

| Description | Dr | Cr |
|----------------------------|---------|---------|
| Sales | | 350 000 |
| Purchases | 180 000 | |
| Capital | | 400 000 |
| Stock (as at 01.01.2022) | 10 000 | |
| Creditors | 30 000 | |
| Debtors | | 15 000 |
| 15% Bank loan | | 150 000 |
| Land & buildings (at cost) | 400 000 | |
| Equipment (at cost) | 250 000 | |
| Bank loan interest | 6 000 | |
| Electricity expenses | 14 000 | |
| Salaries for sales persons | 12 000 | |
| discounts received | | 5 000 |
| Telephone charges | 3 000 | |
| Promotion | 8 000 | |
| Cash in hand | 7 000 | |
| | 920 000 | 920 000 |

Additional information

- Remaining stock as at 31.12.2022 is Rs. 20 000
- Accrued electricity expenses Rs 5000
- Equipment should be depreciated at 10% in straight line method.

Required,

- (a) Profit or Loss statement for the year ended 31.12.2022 (4 marks)
(b) Statement of Financial position as at 31.12.2022 (4 marks)

(Total 12 marks)